



Health Services
LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

Gloria Molina
First District

Yvonne B. Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

September 26, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, California 90012

Dear Supervisors:

FISCAL YEAR 2005-06 YEAR-END BUDGET ADJUSTMENT
(All Districts) (4 Votes)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the attached Fiscal Year (FY) 2005-06 Year-End Budget Adjustment (BA) (Attachment I-A through I-B)) for the Department of Health Services (DHS) to increase the designation balance, as of June 30, 2006, to \$258.9 million.
2. Approve the attached FY 2005-06 BA (Attachment II-A through II-B) to reallocate and adjust the appropriation and revenue related to the Personal Assistance Services Council-Service Employees International Union (PASC-SEIU), In-Home Supportive Services (IHSS) Health Care Plan.
3. Approve the attached FY 2005-06 BA (Attachment III-A through III-B) to realign the available funding for the Measure B Special Revenue Fund and the Health Services Proposition 36 Special Revenue Fund.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTIONS:

The Board's approval of these BA's (Attachments I-A through III-B) for FY 2005-06 will:

1. Increase the DHS designation fund balance, as of June 30, 2006, to \$258.9 million in the designation, comprised of a \$250.5 million FY 2005-06 operating surplus (Attachment IV) and the existing \$8.4 million designation balance from prior fiscal years. Also, reallocate certain appropriations and revenues within DHS to align them with the Department's FY 2005-06 final experience:

13 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

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through leadership,
service and education.*



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2. Align DHS appropriations and revenues related to the PASC-SEIU IHSS Health Care Plan with FY 2005-06 final experience, and increase the transfer of funding to DPSS by \$0.1 million resulting from higher than expected operating activity.
3. Align appropriations and revenues within the Measure B Special Revenue Fund and the Health Services Proposition 36 Special Revenue Fund in accordance with FY 2005-06 final experience.

FISCAL IMPACT/FINANCING:

The recommended actions adjust the various Departmental budgets to reflect DHS' actual financial experience for FY 2005-06. It also increases the designation balance to \$258.9 million, as of June 30, 2006. (See Attachment IV for the components of the \$258.9 million surplus.)

(Note: The \$258.9 million designation balance varies from our DHS Fiscal Outlook Update and Deficit report dated September 20, 2006 due to the fact that \$125.0 million of additional County contribution is maintained in a separate designation account in the County general fund.)

Per Medi-Cal Redesign, any hospital that ends the fiscal year with a positive fund balance must retain the funds for their future use. Of the amount being placed in designation, \$18.5 million was associated with Rancho Los Amigos National Rehabilitation Center (Rancho) and is being placed in a separate designation for Rancho. The \$18.5 million will be used to fund Rancho's FY 2006-07 operations.

On December 2, 2003, your Board approved Auditor-Controller recommended guidelines for monitoring the LAC+USC Medical Center Accumulative Capital Outlay (ACO) Fund established in FY 1998-99 for the purpose of purchasing new equipment for the LAC+USC Medical Center Replacement Project. In accordance with those guidelines, we are reporting that \$113.1 million resides in the Provisional Financing Uses of the ACO fund as of June 30, 2006. This includes \$4.2 million in interest that was earned on the balance in FY 2005-06 and \$0.2 million in parking fees. No expenditures have been made to date from the ACO fund, and no encumbrances have been established. On August 22, 2006, your Board approved an itemized equipment list for the LAC+USC Medical Center Replacement Project totaling \$107.2 million planned for acquisition in FY 2006-07 and 2007-08.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS:

.Not applicable.

Honorable Board of Supervisor
September 26, 2006
Page 3

CONTRACTING PROCESS:

Not applicable.

IMPACT ON CURRENT SERVICES (OR PROJECTS):

This Year-End BA has no impact on current services.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,



Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:mm

Attachments (4)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. No. _____

DEPARTMENT OF Health ServicesDATE 08/24/2006

AUDITOR CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

BUDGET ADJUSTMENT
FISCAL YEAR 2005-06
4-VOTE

Please see the attached for details.

JUSTIFICATION:

This budget adjustment is necessary to increase the DHS Enterprise Fund designation for future use to \$258.2^{9 mm} million and realign certain appropriations and revenues within DHS in accordance with the FY 2005-06 final experience.

EM:mm
08/24/06

[Signature]
Efrain Muñoz, Chief
DHS-Controller's Division

CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF
ADMINISTRATIVE OFFICER
FOR:

☐ ACTION
☒ RECOMMENDATION

APPROVED AS REQUESTED ☒ AS REVISED ☐

9/14/06

[Signature]
CHIEF ADMINISTRATIVE OFFICER

APPROVED (AS REVISED):
BOARD OF SUPERVISORS

BY: _____
DEPUTY COUNTY CLERK

AUDITOR-CONTROLLER No.

902 A-1

BY: *[Signature]*
Sept. 14, 2006

SEND 6 COPIES TO THE AUDITOR-CONTROLLER

**DEPARTMENT OF HEALTH SERVICES
YEAR-END BUDGET ADJUSTMENT
FISCAL YEAR 2005-06**

4-VOTE

SOURCES:

LAC+USC Healthcare Network
MN4-HG-60010-6100
Other Financing Uses 99,892,000.

Total LAC+USC Healthcare Network \$ 99,892,000

Coastal Area (H/UCLA Medical Center)
MN1-HH-60020-6100
Other Financing Uses 25,312,000

Total Coastal Area \$ 25,312,000

Southwest Area (MLK/D Medical Center)
MN5-HK-60030-6100
Other Financing Uses 51,451,000
MN5-HK-60030-9910
Operating Transfers In - Measure B 10,596,000

Total Southwest Area \$ 62,047,000

Rancho Los Amigos Medical Center
MN7-HR-60040-6100
Other Financing Uses 34,924,000
MN7-HR-60040-9307
CBRC 15,444,000

Total Rancho Los Amigos \$ 50,368,000

Valley Care Network (San Fernando Area & Antelope Valley Area)
MN3-HO-60050-9911
Operating Transfer In 15,780,000

Total Valley Care Network \$ 15,780,000

DHS Enterprise Fund
MN2-HS-60070-6100
Other Financing Uses 196,297,000

MN2-HS-60070-9912
Operating Subsidy 54,241,000

Total DHS Enterprise Fund \$ 250,538,000

Total Enterprise Fund \$ 503,937,000

USES:

LAC+USC Healthcare Network
MN4-HG-60010-9910
Operating Transfers In - Measure B 5,878,000

MN4-HG-60010-9911
Operating Transfer In 94,014,000

\$ 99,892,000

Coastal Area
MN1-HH-60020-9910
Operating Transfers In - Measure B 1,213,000

MN1-HH-60020-9911
Operating Transfer In 24,099,000

\$ 25,312,000

Southwest Area
MN5-HK-60030-9911
Operating Trans In 62,047,000

\$ 62,047,000

Rancho Los Amigos Medical Center
MN7-HR-60040-9911
Operating Transfer In 31,917,000

MN7-HR-60040-9912
Operating Subsidy 18,451,000

\$ 50,368,000

Valley Care Network
MN3-HO-60050-9910
Operating Transfers In - Measure B \$ 3,503,000

MN3-HO-60050-2000
Services and Supplies 10,120,000

MN3-HO-60050-5500
Other Charges 2,157,000

\$ 15,780,000

DHS Enterprise Fund
MN2-HS-60070-3078
Designation for DHS \$ 232,087,000

MN2-HS-60070-3081
Designation for DHS Rancho \$ 18,451,000

\$ 250,538,000

\$ 503,937,000

SOURCES:

• **AIDS**

553,000

AIDS

51,000

\$ 4,000

1,361,000

12,392,000

211,579,000

211,579,000

13,572,000

\$ 218,000

\$ 2,000,000

1,158,000

\$ 457,000

\$. 5,183,000

177,000

306,000

131.000

96,000

33,000

**DEPARTMENT OF HEALTH SERVICES
YEAR-END BUDGET ADJUSTMENT
FISCAL YEAR 2005-06**

4-VOTE

SOURCES:

H/UCLA Refurb Parlow Library AO1-CP-86516-6014 Fixed Assets - Building & Improv.	119,000
Central HC X-Ray Space AO1-CP-86571-6014 Fixed Assets - Building & Improv.	243,000
HHH Hot Water Pipe Replacement AO1-CP-86637-6014 Fixed Assets - Building & Improv.	460,000
El Monte Pharmacy Renovation AO1-CP-86701-6014 Fixed Assets - Building & Improv.	400,000
H/UCLA Cath Lab AO1-CP-86728-6014 Fixed Assets - Building & Improv.	129,000
OVMC Cath Lab AO1-CP-86729-6014 Fixed Assets - Building & Improv.	15,000
General Fund Subsidy - (RLA) AO1-AC-21230-6100 Operating Transfers Out	\$ 18,451,000

USES:

General Fund Subsidy - (DHS Enterprise Fund) AO1-AC-21236-6100 Operating Transfers Out	\$ 54,241,000
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Total General Fund	\$ 267,454,000
Total Department	\$ 771,391,000

\$ 267,454,000
\$ 771,391,000

Noted & Approved:


Efrain Munoz, Chief, Contoller's Division
Department of Health Services

8/24/2006

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. No. _____

DEPARTMENT OF Health ServicesDATE 08/24/2006

AUDITOR CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

BUDGET ADJUSTMENT
FISCAL YEAR 2005-06
4-VOTE

Please see the attached for details.

JUSTIFICATION:

This budget adjustment is necessary to reallocate appropriation and revenue within the Department of Health Services (DHS) specifically related to the Personal Assistance Services Council-Services Employees International Union (PASC-SEIU) In-Home Support Services (IHSS) Health Care Plan and to transfer \$0.126 million of additional funding to the Department of Public Social Services (DPSS) in accordance with the FY 2005-06 final experience.

EM:mm
08/24/06

MRA for em
Efrain Muñoz, Chief
DHS-Controller's Division

CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF
ADMINISTRATIVE OFFICER
FOR

☐ ACTION
☒ RECOMMENDATION

APPROVED AS REQUESTED ☒ AS REVISED ☐

9/14/06

D. Jensen
CHIEF ADMINISTRATIVE OFFICER

APPROVED (AS REVISED):
BOARD OF SUPERVISORS

AUDITOR-CONTROLLER No.

BY: *Conyn*
Sept. 14, 2006

BY: _____
DEPUTY COUNTY CLERK

SEND 6 COPIES TO THE AUDITOR-CONTROLLER

DEPARTMENT OF HEALTH SERVICES
IHSS HEALTH BENEFITS PROGRAM
FISCAL YEAR 2005-06

4-VOTE

SOURCES:

LAC+USC Healthcare Network	
MN4-HG-60010-942A	
CHP IHSS Revenue	\$65,000
Total LAC+USC Healthcare Network	\$ 65,000
Coastal Network	
MN1-HH-60020-9912	
Operating Subsidy	\$ 25,000
Total Coastal Network	\$ 25,000
Southwest Network	
MN5-HK-60030-942A	
CHP IHSS Revenue	\$2,000
Total Southwest Network	\$ 2,000
Valley Care Network	
MN3-HO-60050-942A	
CHP IHSS Revenue	\$97,000
Total Valley Care Network	\$ 97,000
Total Enterprise Funds	\$ 189,000

General Fund Subsidy (LAC+USC Healthcare Network)	
AO1-AC-21224-6100	
Operating Transfers Out	\$ 65,000
General Fund Subsidy (Southwest Network)	
AO1-AC-21228-6100	
Operating Transfers Out	2,000
General Fund Subsidy (Valley Care Network)	
AO1-AC-21232-6100	
Operating Transfers Out	97,000
Total General Funds	\$ 164,000
Total Department	\$ 353,000

USES:

LAC+USC Healthcare Network	
MN4-HG-60010-9912	
Operating Subsidy	\$ 65,000
Total LAC+USC Healthcare Network	\$ 65,000
Coastal Network	
MN1-HH-60020-942A	
CHP IHSS Revenue	\$ 25,000
Total Coastal Network	\$ 25,000
Southwest Network	
MN5-HK-60030-9912	
Operating Subsidy	\$ 2,000
Total Southwest Network	\$ 2,000
Valley Care Network	
MN3-HO-60050-9912	
Operating Subsidy	\$ 97,000
Total Valley Care Network	\$ 97,000
Total Enterprise Funds	\$ 189,000

Office of Managed Care	
AO1-HP-19975-942A	
CHP Medi-Cal (IHSS) Revenue	\$13,000
General Fund Subsidy (Coastal Network)	
AO1-AC-21226-6100	
Operating Transfers Out	25,000
Total General Funds	\$ 38,000
Total Department	\$ 227,000

Noted & Approved:


 Efraín Muñoz, Chief, Controller's Division
 Department of Health Services

DEPARTMENT OF PUBLIC SOCIAL SERVICES
IHSS HEALTH BENEFITS PROGRAM
FISCAL YEAR 2005-06

4-VOTE

SOURCES:

USES:

A01-SS-26410-2000

IHSS-Services and Supplies

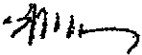
\$ 126,300

Total Department

\$ -

\$ 126,000

Noted & Approved:



Edgar Obra, Director, Budget Policy Section
Department of Public Social Services

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. No. _____

DEPARTMENT OF Health ServicesDATE 08/24/2006

AUDITOR CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

BUDGET ADJUSTMENT
FISCAL YEAR 2005-06
4-VOTE

Please see the attached for details.

JUSTIFICATION:

This budget adjustment is necessary to realign the available funding for the Measure B Special Revenue Fund and the Health Services Proposition 36 Special Revenue Fund in accordance with the FY 2005-06 final experience.

EM:mm
08/24/06

EM
Efrain Muñoz, Chief
DHS Controller's Division

CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF
ADMINISTRATIVE OFFICER
FOR

☐ ACTION
☒ RECOMMENDATION

APPROVED AS REQUESTED ☒ AS REVISED ☐

9/14/06

D. Jensen
CHIEF ADMINISTRATIVE OFFICER

APPROVED (AS REVISED):
BOARD OF SUPERVISORS

AUDITOR-CONTROLLER No.

BY: *Corn*

BY: _____
DEPUTY COUNTY CLERK

902 J-K

Sept. 14, 2006

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DEPARTMENT OF HEALTH SERVICES
MEASURE B AND PROPOSITION 36 BUDGET ADJUSTMENT
FISCAL YEAR 2005-06

4-VOTE

SOURCES:

Measure B - Harbor/UCLA Medical Center
BW9-HS-41012-6100
Operating Transfers Out

\$ 1,213,000

Measure B - Olive View Medical Center
BW9-HS-41013-6100
Operating Transfers Out

3,503,000

Measure B - LAC+USC Medical Center
BW9-HS-41014-6100
Operating Transfers Out

5,878,000

Measure B
BW9-HS-41017-2000
Services & Supplies

2,000

Total

\$ 10,596,000

USES:

Measure B - King/Drew Medical Center
BW9-HS-41015-6100
Operating Transfers Out

\$ 10,596,000

HS-A&D Prop 36-Substance Abuse Treatment Fund
BT4-HS-41125-8605
Interest Revenue

\$ 303,000

Total

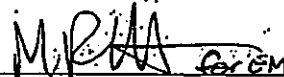
\$ 303,000

HS-A&D Prop 36-Substance Abuse Treatment Fund
BT4-HS-41125-6100
Operating Transfers Out

\$ 303,000

\$ 303,000

Noted & Approved:


Efrain Munoz, Chief, Controller's Division
Department of Health Services

8/24/2006

DEPARTMENT OF HEALTH SERVICES
SUMMARY EXPLANATION OF BUDGETARY VARIANCES
FISCAL YEAR 2005-06
(\$ In Millions)

Sources	FY 2005-06	
Deficit from Operations:		
- Current Fiscal Year	\$ (1.8)	
- Prior Fiscal Years	(4.0)	
Subtotal	<u>\$ (5.8)</u>	
Extraordinary Expenditure Variances:		
- Hiring Delays	\$ 23.0	(A)
- Employee Benefits	12.2	(B)
- Clinical Resources Management	18.6	(C)
- Other Charges	14.9	(D)
- Fixed Asset Surplus	1.1	
- Capital Projects	2.1	
Subtotal	<u>\$ 71.9</u>	
Extraordinary Funding Variances:		
- Medi-Cal Redesign	\$ 104.9	(E)
- CBRC	73.8	(F)
- Vehicle License Fees	5.2	(G)
- Sales Tax	0.5	(G)
Subtotal	<u>\$ 184.4</u>	
Total Fiscal Year 2005-06	<u>\$ 250.5</u>	
Other:		
- Designation Balance from Prior Fiscal Years	<u>\$ 8.4</u>	
June 30, 2006 Designation Balance	<u>\$ 258.9</u>	

Notes:

- (A) Surplus reflects position vacancies due to difficulties in hiring, including difficulty in meeting the nursing staffing ratios required under AB 394.
- (B) Surplus primarily due to less than anticipated workers compensation costs per final actuals.
- (C) Surplus primarily due to program implementation delays based on the unavailability of necessary technology solutions.
- (D) Surplus primarily due to less than anticipated debt service costs experienced due to Tobacco Securitization.
- (E) Reflects the additional benefit, beyond budgeted and altered/replaced previous Medi-Cal revenue programs, that DHS expects to receive under the State's Medi-Cal Redesign in FY 05-06 per estimates developed in August 2006.
- (F) Surplus in prior year CBRC revenue per the preliminary audit results from FY 02-03 received at the audit exit conferences, as compiled on July 25, 2006 and extended through FY 04-05.
- (G) Per final actuals provided by CAO.